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TRILOGY
INTERNATIONAL
LIMITED
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Trilogy International Announces First Half FY17 Financial Results

*Revenue growth of 63% to \$47.8 million
EBITDA growth of 34% to \$7.2 million*

trilogy

ECOYA

goodness

CS&Co.

29 November 2016 – Trilogy International Limited (NZX:TIL, ASX:TIL) (the company or TIL) today announced first half FY17 financial results for the six months ended 30 September 2016.

Angela Buglass, Chief Executive Officer of TIL, said, “TIL delivered a solid result for the first six months of this year following the exceptional growth delivered in FY16. Momentum continued in the brands as we started to deliver on our strategic priorities, particularly in Australia which outperformed New Zealand in both Home Fragrance & Bodycare and Natural Products. CS&Co continues to deliver to expectations and is proving to be the right NZ distribution partner for Trilogy and Goodness. I am looking forward to continuing this momentum as we work to deliver another milestone year.”

First Half '17 Financial Highlights:

- Revenue of \$47.8 million, an increase of 63%
- EBITDA of \$7.2 million, an increase of 34%
- NPAT of \$3.5 million, an increase of 10%
- Natural Products delivered \$17.8 million¹ revenue, an increase of 15%. Excluding the one-off impact of CS&Co's initial stock build (~\$1.6m), Natural Products revenue would have grown by 25%.
- Home Fragrance & Bodycare delivered \$9.0 million revenue, an increase of 4%
- Full six months' contribution from CS Company Limited (CS&Co) delivered \$24.0 million revenue, an increase of 28% compared to pro forma H1 FY16 including the distribution of Natural Products.
- Contribution from Sociedad Agricola Y Forestal Casino SpA (Forestal Casino) of \$0.2 million earnings following the 25% acquisition on 30 June 2016.
- Term debt down 38% following the successful capital raise during the year.

6 months ending September 30, 2016 (\$m)	H1 FY17	H1 FY16	YoY	YoY (%)
Revenue	47.8	29.3	18.4	63%
EBITDA	7.2	5.3	1.8	34%
NPAT	3.5	3.2	0.3	10%
EBITDA Margin	15%	18%		
Earnings per share (EPS) (dollars)	0.05	0.05		

Unless otherwise stated, comparisons included in this release are to the comparable period, the six-month period ending 30 September 2015

1. Pre inter-company elimination

Revenue of \$47.8 million, an increase of 63%

TIL's group revenue increased by \$18.4 million to \$47.8 million for the six months to 30 September 2016. Given CS&Co is now a wholly owned subsidiary, TIL was unable to recognise the initial stock build of ~\$1.6 million as revenue when Trilogy and Goodness moved across. Including this, revenue grew 68%.

TIL's home markets of New Zealand and Australia continued to drive performance representing 88% of revenue for the period. This reflects the strength of the brands as they continue to acquire new consumers and build brand loyalty with existing consumers, particularly in Australia, and the annualised contribution from CS&Co which totalled \$24.0 million for the first half.

EBITDA of \$7.2 million, an increase of 34%

TIL delivered EBITDA growth of 34%. The first half FY17 reflects the change in earnings mix to include CS&Co, which is a lower gross margin business.

Investment has been made in people and premises to support the growing business, along with a \$1.2 million investment in TIL's newest brand, Goodness. In addition, a negative FX impact of \$0.6 million and one-off acquisition and capital structure costs of \$0.25 million have also contributed to the lower margin compared to the first half FY16.

Following the 25% acquisition of Forestal Casino at the end of June, TIL received its first share of associate earnings, for one quarter ending 30 September 2016, of \$0.2 million.

TIL reaffirms guidance

We anticipate H2 seasonality to be consistent with previous years, with both revenue and profit being higher than H1.

While China is a significant opportunity, the changing regulatory environment of cross-border e-commerce sales and the nature of local China-bound wholesale accounts in New Zealand and Australia means this market has the potential to be unpredictable.

The recently signed agreement with QBID, our China e-commerce partner, will enable us to build this market over time, giving TIL greater transparency and control of sales into the dynamic China CBEC market.

Based on current trading and company forecasts, subject to FX fluctuations, TIL is tracking to deliver previously disclosed guidance for FY17. TIL expects revenue to be approximately \$100-110 million, a 20-32 percent increase compared to FY16.

In line with our strategic priorities and required investment for the future, TIL's FY17 EBITDA guidance is \$19-21 million, representing an increase of 17-19 percent compared to FY16.

About Trilogy International Limited

TIL - *Trilogy International Limited* (NZX:TIL) is a cultivator of essential natural products and home fragrance brands: Trilogy Natural Products, ECOYA and Goodness Natural Beauty Lab in New Zealand and around the world. It's subsidiary CS Company Limited (CS&Co) distributes international cosmetics, fragrances, skincare and haircare brands in New Zealand.

Visit <http://trilogyproducts.com/investors> to learn more.

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